

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:3624
ANSWERED ON:16.12.2005
TEXTILE EXPORT
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Will the Minister of TEXTILES be pleased to state:

- (a) whether good quality textiles and clothing products made by India would make country an obvious sourcing alternative to China;
- (b) if so, the details thereof;
- (c) whether the first five months of quota free regime, India's export to US and EU have gone up;
- (d) if so, details thereof month-wise; and
- (e) the step Government proposes to take to help the exporters to develop their products better than Chinese one?

Answer

MINISTER OF TEXTILES (SHRI SHANKERSINH VAGHELA)

(a) & (b): According to various international studies, China will dominate the world trade in textiles and clothing in the post quota regime. The foreign buyers who are heavily dependent on China are also keen to find alternate reliable source of supply in the region (India followed by Pakistan). India's textiles and clothing exports in the post quota regime would be driven by value added made-ups & apparels as India has comparative advantages over its competitors in relation to

- (i) availability of relatively inexpensive and skilled workforce
- (ii) design expertise
- (iii) large production base of basic raw materials.

(c) & (d): As per the Directorate General of Commercial Intelligence & Statistics (DGCI&S), Kolkata, India's month-wise exports of textile items to US and EU during January -May, 2005 are given as follows:-

(In US\$ Million)

Month US EU

2004 2005 % change 2004 2005 % change

Jan	234.15	293.77	25.46	404.12	385.94	-4.50
Feb	282.74	267.54	-5.38	491.79	380.74	-22.58
Mar	324.49	310.72	-4.24	562.17	424.27	-24.53
Apr	209.16	281.08	34.39	320.92	392.88	22.42
May	265.99	290.74	9.30	369.13	439.00	18.93

Source: DGCI&S, Kolkata

As per the import data of US and EU, India's exports of textile and clothing to these countries during the period January-June, 2005 have shown remarkable growth of 29.08% and 18.38% respectively over the corresponding period of previous year.

(January-June) (In US\$ Million)

2004 2005 % Change

US 1939 2503 29.08
EU 2895 3427 18.38

Source: World Trade Atlas

(e) The following steps have been taken by the Government to make India a 'trend setter' in textile exports in the global market:-

i) 100% Foreign Direct Investment is allowed in the textile sector under the automatic route.

ii) The Government has de-reserved the readymade garments, hosiery and knitwear from the SSI sector.

iii) The Technology Upgradation Fund Scheme (TUFS) has been made operational from 1-4-1999 to facilitate the modernisation and upgradation of the sector.

iv) To improve the productivity and quality of cotton, Government has launched the Technology Mission on Cotton (TMC). Incentives are provided for better farm practices, quality seeds, improvement in market infrastructure and modernisation of ginning & pressing sector.

v) To provide the industry with world class infrastructure facilities for setting up their textile units, a new scheme namely, Scheme for Integrated Textile Parks' has been launched by merging existing two schemes i.e. Textile Centres Infrastructure Development Scheme (TCIDS) and Apparel Parks for Exports Scheme (APES). Govt. of India support under the scheme by way of grant or equity shall be limited to 40% of the project cost subject to a ceiling of Rs. 40 crores.

vi) 'Apparel Park for Exports Scheme (APES)' was launched with the objective of imparting a focused thrust for setting up apparel units of international standards at potential growth centres, and to give a fillip to exports. Under APES, 12 projects have been sanctioned with an estimated support from Government of India of Rs. 191.70 crores. Against the support of Rs. 191.70 crores, the Govt. has released Rs. 59.46 crores so far.

vii) For upgrading infrastructure facilities at important textile centres, the 'Textile Centre Infrastructure Development Scheme (TCIDS)' was launched. Under TCIDS, 18 projects have been sanctioned with an estimated support from Government of India of Rs.270.80 crores. Of this, the Govt. has released Rs. 52.57 crores.

viii) The fiscal duty structure has been generally rationalised to achieve growth and maximum value addition within the country. Except for mandatory excise duty on man-made filament yarns and man-made staple fibres, the whole value addition chain has been given an option of excise exemption.

ix) The import of specified textiles and garment machinery items has been allowed at a concessional rate of customs duty to encourage investments and to make our textile products competitive in the global market. The cost of machinery has also been reduced through fiscal policy measures.

x) For the speedy modernisation of the textile processing sector, Government has introduced, w.e.f 20.4.2005, a credit linked capital subsidy scheme @10% under TUFS, in addition to the existing 5% interest reimbursement.

xi) The National Institute for Fashion Technology (NIFT), its seven branches, and the Apparel Training & Design Centres (ATDCs) are running various courses/programmes to meet the skilled manpower requirements of the textile industry, especially apparel, in the field of design, merchandising and marketing.

xii) Facilities like eco-testing laboratories have been created to enable exporters to get garments/textiles pre-tested so that they conform to the requirements of the importing countries.